



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 14, 2008

## **H.R. 4791**

### **Federal Agency Data Protection Act**

*As reported by the House Committee on Oversight and Government Reform  
on April 16, 2008*

#### **SUMMARY**

H.R. 4791 would amend current law to enhance the protection of certain information collected by the federal government. CBO estimates that implementing the bill would cost about \$106 million over the 2009-2013 period, assuming appropriation of the necessary amounts. The bill could also affect direct spending by agencies not funded through annual appropriations (such as the Tennessee Valley Authority) or by agencies whose activities are considered off-budget (such as the U.S. Postal Service). CBO estimates, however, that any increase in spending by those agencies would not be significant or would be offset by corresponding increases in rates charged by those entities.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4791 is shown in the following table. The cost of this legislation falls primarily within budget function 800 (general government) but also would affect budget functions that contain spending for inspectors general.

	By Fiscal Year, in Millions of Dollars				
	2009	2010	2011	2012	2013
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	25	20	21	21	22
Estimated Outlays	23	20	20	21	22

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2009, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar activities.

H.R. 4791 would require the Office of Management and Budget (OMB) to establish additional security policies and procedures for federal agencies that collect and maintain personal information for employees or other individuals. The bill also would require agencies to establish security standards and notification procedures to be followed when personal information has been unlawfully accessed. Finally, the bill would require federal agencies to audit their information programs and practices.

Most of the provisions of the bill would codify and expand current practices of the federal government. Under the provisions of the Federal Information Security Management Act (FISMA), the Privacy Act, and OMB memoranda, federal agencies are already required to protect information about individuals, maintain standards for notifications of security breaches, and perform annual reviews to evaluate the security of their information systems. Agencies spent nearly \$6 billion on such activities in fiscal year 2007, including about \$20 million to perform security evaluations under FISMA.

CBO expects that implementing the legislation would require agencies to perform formal audits on information security systems rather than the evaluations they perform under existing law. Based on information from OMB and other agencies, CBO estimates that implementing those audit requirements would increase costs by \$23 million in 2009 to cover additional personnel and administrative costs in the affected agencies. We estimate that such costs would fall to about \$20 million a year after 2009, once audit standards and procedures have been developed.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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